# XII

## STATE MONOPOLY IN BANKING

*August*, 1918

Bank Fusions and the State—Their Effects on the Bank of England—Mr Sidney Webb's Forecast—His Views of the Benefits of a Bank Monopoly—The Contrast between German Experts and British Amateurs—Bankers' Charges as affected by Fusions—The Effects of Monopoly without the Fact—The "Disinterested Management" Fallacy—The Proposal to split Banking Functions—A Picture of the State in Control.

A FEW months ago, writing in this Journal on the subject of banking amalgamations, I referred to one of the objections against them, that they tended towards the creation of monopoly, and so encouraged hope on the part of those who would like to see all forms of industry managed by the State, that the banking business might sooner or later be taken over and worked as a State monopoly. At that time this danger of monopoly seemed to be still fairly remote, but since then the progress of amalgamations has brought it appreciably nearer, and so has vigorously stimulated, both the hopes and fears of those who consider that it tends to bring nearer the seizure of banking business by the State, The fear is expressed by Sir Charles Addis, manager of the Hongkong Bank and director of the Bank of England, in the July number pf the *Edinburgh Review*, in